

# localinsights

spring 2015



*An economic and labor market analysis of the Bear River Area*

**bearriver**



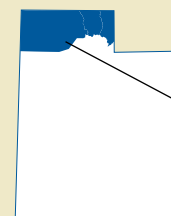
The **Unemployment rate** continues to fall while **job growth** is up.

## The Bear River Region Edges Ever Closer to Full Recovery

By Matt Schroeder, Economist

Post-recession economic recoveries are long and arduous processes in any circumstance, but recessions involving financial crises are historically even slower. Utah and the Bear River region have been plugging along steadily for the last few years recovering jobs at an average rate of 2–3 percent per year and reaching a point where most counties have surpassed pre-recession levels. Yet economists still talk in terms of recovery rather than in terms of normal economic expansion. Why is that? How do we know when the recovery is complete?

There are a variety of indicators that economists look to when determining the relative progress of a recovery. One key marker is the unemployment rate. When the unemployment rate stops falling, it may be a sign that labor markets have reached a “natural” or stable state, and thus completed recovery. In the Bear River region, the unemployment rate continues to fall with a decrease of 0.3 percentage points from December 2013 to December 2014, indicating that the recovery may not yet be complete, but it continues to edge ever closer.



Box Elder  
Cache  
Rich

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## Box Elder County

- Year-over-year payroll employment growth in Box Elder accelerated to 4.4 percent in the third quarter of 2014 gaining additional steam over the 4 percent growth of the second quarter. The increase represents 740 more jobs compared to the same time the previous year with the manufacturing industry leading the way adding 230 jobs since third quarter 2013.
- Box Elder County's unemployment rate continued on a downward trajectory to 3.6 percent in December. This is an entire percentage point less than December 2013 and brings Box Elder closely in line with the state average of 3.5 percent.
- Average monthly wages picked up to 1.9 percent year-over-year growth in the third quarter and outpaced statewide growth of 1.6 percent after having grown only 0.9 percent in the second quarter of 2014. Box Elder's average monthly wage came in at \$2,875 closing the gap on the Utah average of \$3,429. Wage growth has remained relatively subdued over the course of the recovery, so the uptick is a welcome sign of improvement.
- As employment strengthens and wages start to catch up, the expectation is that consumer and business spending will pick up as well and Box Elder County is no exception. Year-over-year change in taxable sales jumped to 8.6 percent in the third quarter, reaching more than \$156 million.

- Motor vehicle and parts dealers increased sales by almost \$5 million compared to the same quarter last year, and the manufacturing, construction and wholesale trade in durable goods industries contributed with respective increases of \$3.5 million, \$2.5 million and \$1.4 million.

## Cache County

- Cache County maintained steady 3.3 percent year-over-year job growth in the third quarter of 2014 adding 1,660 jobs to the economy over the last year. The last three quarters have each broken the 1,500 new jobs mark—a level of job creation not seen in Cache County since first quarter 2008.
- The accommodations and food services industry showed impressive year-over-year growth of 7.7 percent adding 269 jobs. Major contributors included retail trade, manufacturing, as well as professional, scientific and technical services, adding 307, 286 and 219 new jobs respectively.
- December 2014 posted a 3.1 percent unemployment rate for Cache County. This is up 0.3 percentage points since September, but still represents a 0.1 percentage point drop since December 2013 and registers 0.3 percentage points under Utah's rate of 3.5 percent.
- Average monthly wages in the third quarter increased 1.8 percent over 2013, but at \$2,642 per month, the level remains

## current events

### CACHE VALLEY BRANDING EFFORT ENTERS SECOND YEAR

In an effort to attract new businesses and higher paying jobs to the Valley, the Cache Chamber of Commerce and Logan City recently launched the "Logan on the Edge" website that seeks to define the regional identity and provided businesses with local economic data and a site selector tool that allows companies to see available commercial property.

— *Herald Journal*

### UTAH STATE UNIVERSITY RANKED AMONG NATION'S ELITE IN 2014 WASHINGTON MONTHLY COLLEGE RANKINGS

Utah State University was recently ranked as the 17th best public national university in the nation in Washington Monthly's 2014 College Rankings. Washington Monthly rates schools based on their contributions to the public good in three broad categories: social mobility, research and service.

— *Utah Business Magazine*

### LOGAN CALL CENTER CLOSES WITHOUT NOTICE, LAYS OFF 98

Nearly 100 people are out of work after the sudden closure of Call Assistant in Logan. Its 98 employees came into work on Jan. 22 to discover that the call center was being closed immediately and everyone was being laid off.

— *Herald Journal*

### GAS PRICES OUTWEIGH FOOD AND OTHER COSTS AS CPI DROPS SLIGHTLY

Despite rising prices of other goods and services, the Zions Bank Wasatch Front Consumer Price Index (CPI) decreased 0.1 percent from November to December, due mainly to a sharp decline in the cost of gasoline. Food at home prices increased 1.3 percent, utilities prices increased 1.2 percent, housing prices increased 1 percent, medical care increased 0.8 percent, food away from home increased 0.6 percent and clothing prices increased 0.2 percent, yet the overall index still fell due to the sharp gas decline. The overall index has increased 0.5 percent over the past year.

— *The Enterprise*

### OUTLOOK FOR THE UTAH ECONOMY POSITIVE IN 2015

The 2015 Economic Outlook was released Jan. 14 at the annual Utah Economic Review and includes economic forecasts by a group of leading economists predicting positive performance in 2015. Job growth, income growth and unemployment are all expected to improve over the prior year as Utah continues to outperform national economic conditions.

— *Utah Pulse*



For more current events:

<http://utaheconomybearriver.blogspot.com/>

well below the state average of \$3,429. The difference is spread broadly across most industries with 10 of 12 major industry sectors posting average wages more than 15 percent below their respective average wages at the state level.

- Taxable sales in Cache County were up for the tenth consecutive quarter at 4.6 percent year-over-year reaching \$385 million, but in comparison to the rest of the Bear River region in third quarter 2014, the pace was relatively slow. Motor vehicle dealers led the way with \$3.2 million in additional sales over third quarter 2013. General merchandise stores and food services and drinking places also had notable increases of \$2.2 and \$2.5 million respectively.

### Rich County

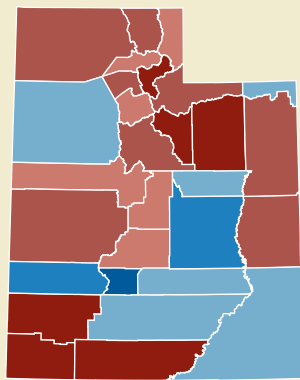
- Rich County improved slightly to 3 percent year-over-year job growth in the third quarter adding 25 new positions after growing 2.2 percent in the second quarter, but in general job growth appears to be cooling off for the county. In 2013 new jobs were being added at an average rate of 48 per year while in 2014 the average rate has fallen to 35 new jobs per year.
- The real estate, rental and leasing industry added 21 jobs since third quarter last year, but the gains were largely offset by losses in the arts, entertainment and recreation industry.
- The unemployment rate in Rich County remained

the lowest in the state at 2.2 percent for December 2014. Falling almost a full percentage point since the same time last year, Rich County has settled a full 1.3 percentage points below Utah's rate of 3.5 percent.

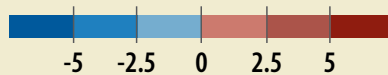
- Although the labor market continues to tighten, average monthly wages are still slow to pick up, posting 1.5 percent year-over-year growth in the third quarter. The average monthly wage in the third quarter was \$2,056, the second lowest in the state and well below the state average across all industries except one. In accommodation and food services it was 14 percent above the state average.
- Taxable sales in the third quarter topped \$15 million in Rich County, for an increase of 7 percent over the same quarter last year despite a steep decline in manufacturing industry sales of \$720,000. The real estate, rental and leasing industry picked up the slack with year-over-year growth of 29.3 percent, adding almost \$700,000 in taxable sales since last year. The accommodations industry was also a notable contributor adding \$425,000.

# Bear River Economy

..... at a glance



## Year-to-Year Change in Nonfarm Jobs Sept. 2014



2.0%  
United States

3.0%  
State of Utah

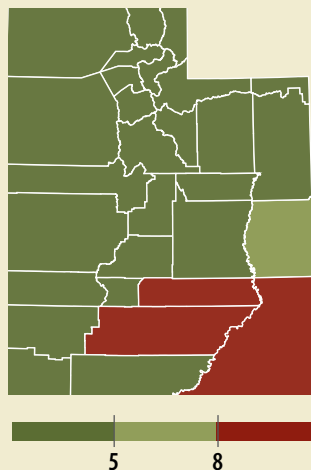
3.6%  
Box Elder County

3.7%  
Cache County

1.6%  
Rich County

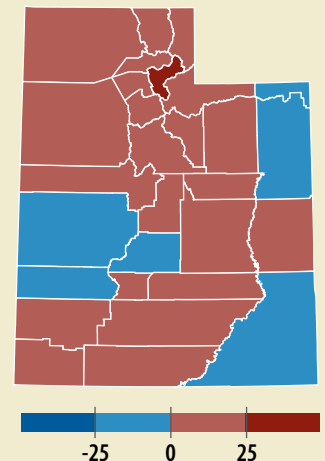
## Seasonally Adjusted Unemployment Rate Dec. 2014

United States 5.6%  
State of Utah 3.5%  
Box Elder 3.6%  
Cache 3.1%  
Rich 2.2%



## Year-to-Year Change in Gross Taxable Sales 3rd QTR 2014

State of Utah \$ 5.9%  
Box Elder \$ 8.6%  
Cache \$ 4.6%  
Rich \$ 7.0%



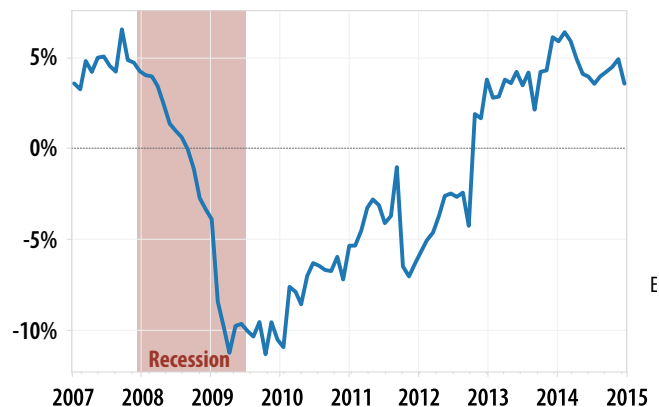
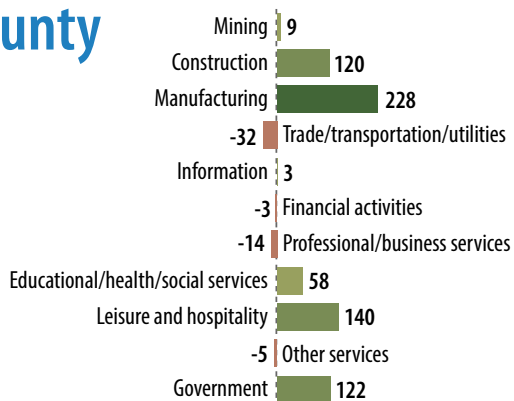
## Box Elder County

### Job Growth

Sept. 2014



622



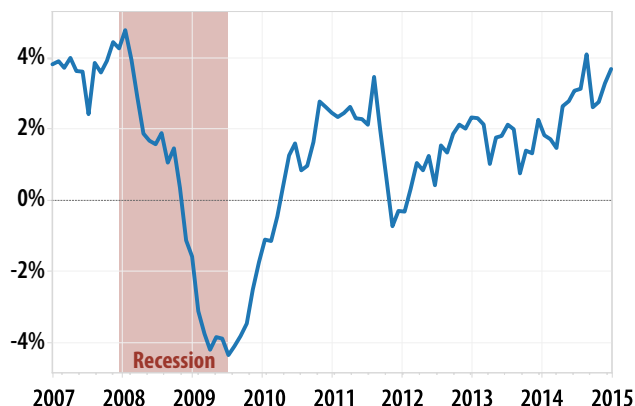
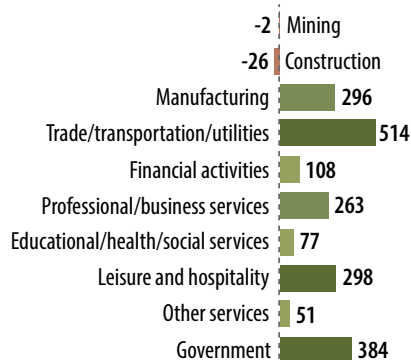
## Cache County

### Job Growth

Sept. 2014



1,960



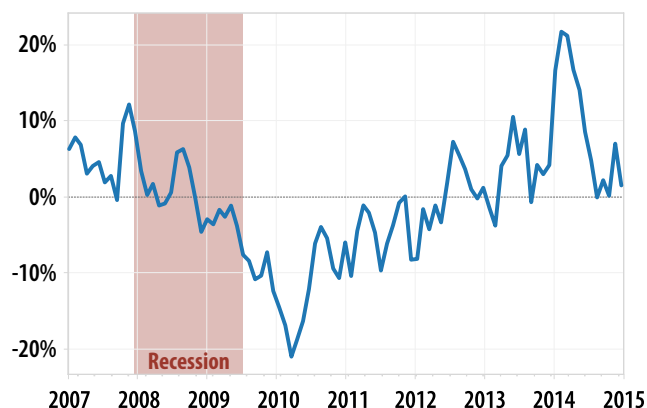
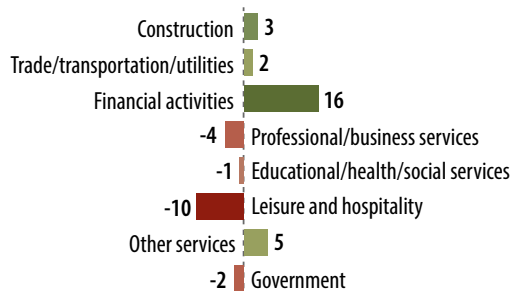
## Rich County

### Job Growth

Sept. 2014



12





## Educational Attainment in the Bear River Region: *What does the Gini say?*

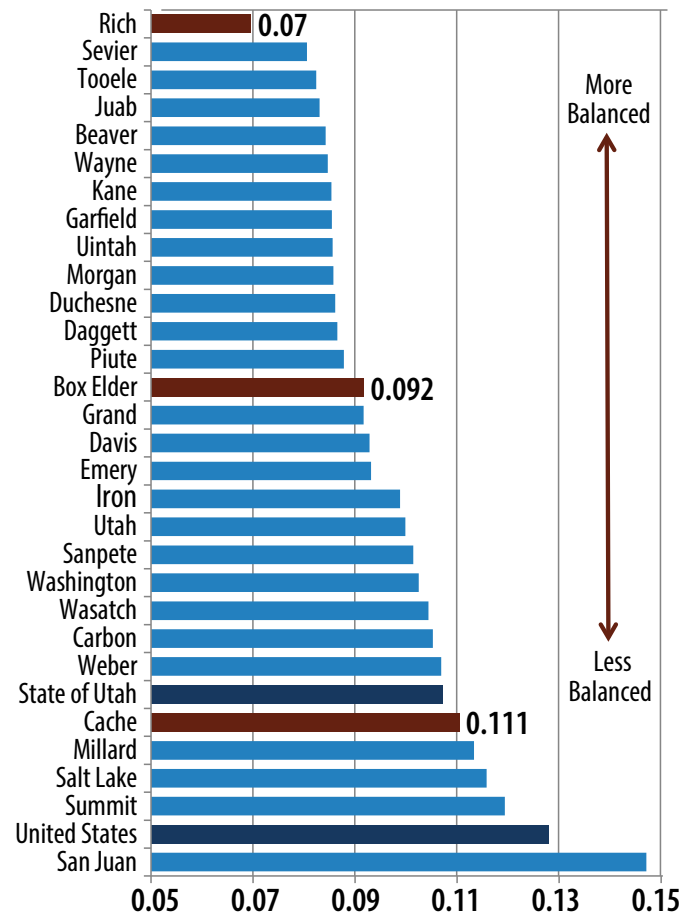
By Matt Schroeder, Economist

Economic data typically represent broad regions or groups of people, and we sometimes overlook how the numbers are distributed across the individuals that comprise the group. For example, average educational attainment may be increasing for an area, but how is that average increase being spread across individuals? Are some being educated more while others are not? It is important to evaluate distributional spread as it can have impacts on other economic outcomes and social well-being.

Labor is a primary input to economic productivity, and the skills needed to be a productive laborer are largely developed through formal education. Not surprisingly, higher educational attainment is correlated with a number of other economic and social outcomes including higher incomes, better health and lower crime rates.

For an individual, however, as more education is attained the average return on investment from each additional year begins to diminish. So the question becomes this: do the resources expended to further educate a high-educated person benefit society as much as if those resources were expended upon further educating a low-educated person? Many would argue that because the benefit-to-cost ratio is greater at lower levels of education, society gains more from lifting the low-educated higher, and in this way society becomes more educationally-balanced. Not that everyone should have the same level of education. People have differing abilities, attitudes and preferences in regard to education which naturally result in the diversity of educational specifics necessary to meet the various needs of a community. But all else equal, a more balanced distribution of educational attainment is more beneficial than a less balanced one.

**Figure 1: Educational Gini Coefficients by County**



Source: U.S. Census Bureau—1990 Census, 2000 Census, ACS (2009–2013)/DWS economist calculations



One metric used by economists to measure distributional balance, is the Gini coefficient. A Gini coefficient boils down the relative evenness of a distribution to a single number between 0 and 1. In this case, 0 means that everyone has the exact same number of years of educational attainment and 1 means that a single person has all of the possible years of attainment while everyone else has nothing.

It is important to note that the Gini coefficient alone says nothing about the overall level of education attainment. For example, a population where nobody ever goes to school would have a Gini coefficient of 0, denoting their perfectly uniform lack of education. It is also important to keep in mind that educational attainment is measured in years and makes no adjustment for quality, so the corresponding Gini coefficient says nothing about qualitative differences either.

That said, the Bear River region scores well with an educational Gini coefficient of .106 (as calculated from the most recent 5-year data from the Census Bureau's American Community Survey, covering 2009–2013).

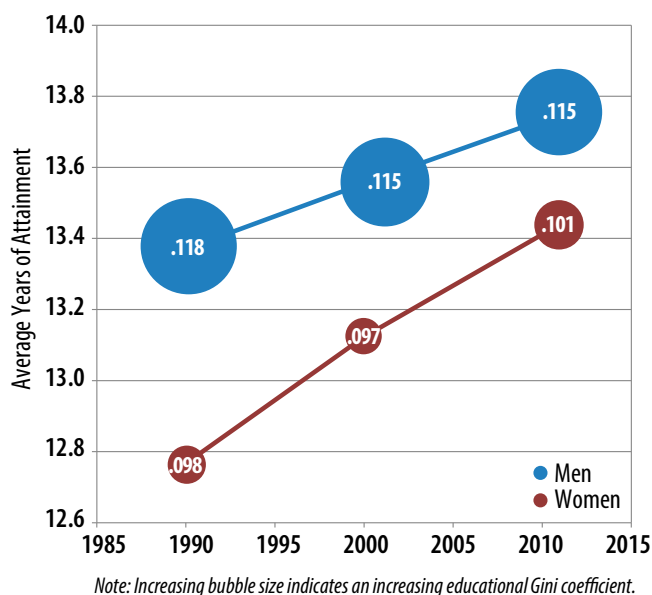
Figure 1 ranks Utah's counties in descending order of educational attainment balance as measured by their Gini coefficients—Rich ranked first at .070, Box Elder 14th at .092, and Cache 26th at .111.

For context, Utah comes in at .108 and the U.S. as a whole at .129, suggesting that Bear River is beating both the national and state level standards of uniformity in educational attainment levels. The national educational Gini coefficient has been trending downward (becoming more balanced) since 1990 at an average compounded rate of about -1.1 percent per year from 1990 to 2000 and slowing to around -0.3 percent since then.

Utah, while trending in the same direction from 1990 to 2000 (albeit at a slower pace of about -0.2 percent per year), has experienced a potentially concerning shift in direction since that time. The statewide educational Gini coefficient has stopped falling and has actually grown slightly since 2000. Remember that Utah's current educational Gini level is still relatively low (i.e. balanced), and average educational attainment levels are improving overall, but the change in direction indicates that those gains are increasingly being realized by some individuals more than others.

When the population is separated by gender, it reveals that while women's average educational attainment in Utah has been slowly catching up to that of men, it has been (to some degree) at the expense of how uniformly

**Figure 2: Utah's Gender Gap in Years of Educational Attainment is Shrinking While Disparity within Women's Education is Increasing**



Source: U.S. Census Bureau—1990 Census, 2000 Census, ACS (2009–2013)/DWS economist calculations

women's educational attainment is spread across all women in the state.

Figure 2 shows that while the average years of educational attainment for Utah's women has increased from 12.8 to 13.4 since 1990 (closing the gap compared to men's attainment by more than 50 percent), the level of educational disparity amongst those women has increased by 3.1 percent. The Bear River region is no exception where the women's educational Gini coefficient has grown across all three counties at an average annual rate of 0.24 percent since 2000.

The causal factors behind this shift are yet unclear, and could be the reflection of changing preferences or a short-term anomaly. Again, it's important to keep in mind that these are changes at the margins of a population that is already doing very well in terms of its educational attainment balance, but distributional changes such as this can indicate potential areas of concern and careful consideration in the pursuit of other goals.



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# Looking to the American Community Survey

By Mark Knold, Supervising Economist

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*"Sampling, statisticians have told us, is a much more effective way of getting a good census."*

— Rob Lowe

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The Rob Lowe quote is designed to be humorous. Is the best way to get answers about an entire population to not question the entire population but instead only part of it?

When we hear "census," we often think of the once-every-ten-year questioning as mandated by the Constitution. In that context though, we often think of "census" as an event instead of what it is—an enumeration.

A census targets an entire population. In contrast, if that is impractical or impossible, then a smaller portion (a survey) of the population needs serve as a viable substitute. Rob Lowe's humor stems from the idea that when we do the national decennial Census, much of the data comes from a survey. To him, that is an oxymoron.

The U.S. Constitution mandates the decennial Census for the purpose of allocating Congressional representation. That is fulfilled in our modern U.S. Census via the "short form," the portion that everyone gets and answers and thus makes it a census. That information is largely just a head count of people. Yet the Census event offers a great way to gather additional characteristic information about the U.S. population. That information formerly came from the now-deceased "long form"—a survey within the Census.

The long-form decennial survey has now been transformed into an ongoing exposé called the American Community Survey (ACS). From this rendering we get a wealth of U.S. population characteristics like educational achievement, income levels, poverty status and much more.

This issue of *Local Insights* is looking at Utah's recent ACS data and comparing some demographic variables of today to those same variables in the past. Have things changed in Utah's local economies over time? The frequency of the ACS makes these evaluations available in a more timely fashion.